Before the FEDERAL COMMUNICATIONS COMMISSION Washington, DC 20554

NOV 2 2 1995

In the Matter of)	
Local Exchange Carriers' Rates,)	CC Docket No. 94-97
Terms and Conditions for Expanded)	Phase II
Interconnection through Virtual)	
Collocation for Special Access and)	
Switched Transport	j	DOCKET FILE COPY ORIGINAL

REBUTTAL TO OPPOSITION COMMENTS TO THE SPRINT LECS' DIRECT CASE

Respectfully submitted,

THE SPRINT LECS

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SUMMARY

The Sprint LECs (the United and Central Telephone Companies) are responding to the MCI, MFS and Time Warner Opposition Comments filed in response to the Direct Case submitted by the Sprint LECs for the Commission's Order Designating Issues for Investigation. The Sprint LECs were rarely directly cited, but rather were included in the oppositions by implication in the broader category of "all LECs". In fact, the intervenors' Opposition Comments are void of negative direct cites towards the Sprint LECs' Direct Case, and in some cases, cite direct support for the Sprint LECs' rates and processes.

The Sprint LECs filed, on the public record, thorough and detailed cost support for its Direct Case as evidence of their reasonable and nondiscriminatory rates. Their expanded interconnection rates are not excessive and are substantially less than other expanded interconnection rates in Direct Cases filed with the Commission. The Sprint LECs' interconnection rates are at a cost based level which negates double recovery and ensures that costs are assigned to the cost causer.

The Sprint LECs strongly advocate for the competitive access provider (CAP) to be the installer and entity responsible for repair and maintenance of their own equipment. The Sprint LECs offer \$1 sale and repurchase arrangements for

interconnector equipment and they do not inflate the cost of outside contractors or limit the interconnectors' ability to use these contractors.

The Sprint LECs do not support additional reporting requirements as they are unnecessary as well as seek information that is proprietary in nature.

Therefore, the Sprint LECs respectfully request that the Commission review the Sprint LECs' data submission, the compelling arguments which show favorable treatment for expanded interconnectors and just and reasonable tariffs and rates, and terminate this investigation as to the Sprint LECs.

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REBUTTAL TO OPPOSITION COMMENTS TO THE SPRINT LECS' DIRECT CASE

The Sprint LECs (the United and Central Telephone Companies) hereby respond to the MCI, MFS and Time Warner Opposition Comments filed in response to the Direct Case submitted by the Sprint LECs for the Commission's Order Designating Issues for Investigation. It is important to note however, that the Sprint LECs were rarely directly cited, but rather included in the oppositions by implication in the broader category of "all LECs". The Sprint LECs responded to specific questions and submitted extensive data regarding the direct cost components of the virtual collocation rates, as well as the Sprint LECs' rate structures and terms and conditions for virtual collocation service. The Sprint LECs' expanded interconnection rates are not excessive and are substantially less than other expanded interconnection rates in Direct Cases filed with the

¹ In the Matter of Local Exchange Carriers' Rates, Terms and Conditions for Expanded Interconnection through Virtual Collocation for Special Access and Switched Transport, CC Docket No. 94-97, Phase II, Order Designating Issues for Investigation, released September 19, 1995 DA 95-2001.

Commission. As the Commission requested, the Sprint LECs provided cost information to support their Direct Case regarding interconnection service and DS1 and DS3 comparable services.

I. RESPONSE TO MCI OPPOSITION COMMENTS

In MCI's Opposition to the Direct Cases,² MCI makes a number of suggestions to the Commission which MCI feels should be strongly required. The Sprint LECs respond favorably to the requests made by MCI throughout their Opposition Comments. Four of MCI's points need further clarification.

A. CONFIDENTIAL TREATMENT OF COST SUPPORT

MCI argues that confidential treatment of cost support, which was requested by a number of LECs, is not in the public interest.³ SWBT, Ameritech and CBT claimed that essential elements of their respective cost support filed in their Direct Cases should be treated as confidential and they did not disclose detailed cost support on the public record. However, MCI fails to note that on October 19, 1995 the Sprint LECs did file, on the public record, thorough and detailed cost support for its Direct Case. The cost support is direct evidence that the Sprint LECs' rates are "just, reasonable and nondiscriminatory."⁴

²MCI Opposition to Direct Cases, Nov. 9, 1995

³MCI Opposition Comments, page 5.

⁴MCI Opposition Comments, page 5.

B. RECOVERY OF RATES THROUGH INTERCONNECTION AND ACCESS RATES

A second MCI suggestion to the Commission is that the LECs not be permitted to pad their rates by recovering phantom costs.⁵ MCI suggests that the LECs are already recovering costs for building and land through overheads assigned to both interconnection elements and other rate elements as well, such as access rates. Therefore, MCI contends that the LECs are potentially receiving a double recovery.

The Sprint LECs, as stated in their Direct Case, recover costs for comparable DS1 and DS3 services identically to the method used for interconnector-designated equipment. The Sprint LECs recover costs as a direct assignment through the application of annual carrying charges to the comparable service investment. In addition, the Sprint LECs do not charge an additional rate element to recover floor space and power, but recover it through the electrical cross connect (ECC) rate element, which is identical to the method used in the rate development for the DS1 and DS3 comparable services. The Sprint LECs' interconnection rates are at a cost based level which negates double recovery and ensures that costs are assigned to the cost causer.

MCI also indicates that current collocation arrangements are changing as equipment is becoming smaller and more efficient.⁷ The Sprint LECs' rates

⁵MCI Opposition Comments, page 13.

⁶ Sprint LECs Direct Case, page 4.

⁷ MCI Opposition Comments, page 13.

reflect these changes and make adequate compensation for the amount of space required for the collocation equipment.

C. TARIFFING OF PROVISIONING, SERVICE AND REPAIR INTERVALS

MCI requests that the Commission require all LECs to tariff specific provisioning, service and repair intervals and to penalize any LEC that misses the intervals. The Sprint LECs believe this is not necessary to adequately and fairly meet the needs of the expanded interconnection customer.

The Sprint LECs adhere to the United and Central Telephone
Companies' F.C.C. Tariff Number 1, Section 5.2.1 for installation intervals for all
access customers. As stated by the Sprint LECs in their Direct Case, generally, all
such installation intervals are agreed upon by the Sprint LECs and expanded
interconnection customers as part of the ordering process. The Sprint LECs
strongly advocate for the competitive access provider (CAP) to be the installer and
entity responsible for repair of their own equipment. In this case, the Sprint LECs
charge a per half hour escort fee to provide a Sprint LEC employee to accompany
the CAP representative while in a Sprint LEC facility. The CAP then has control of
the installation, service and repair intervals, without needing tariffed intervals
from the Sprint LECs.

D. EXPANDING LEC REPORTING REQUIREMENTS

The final MCI point which requires clarification from the Sprint LECs is MCI's contention that the LEC reporting requirements be expanded.⁸ MCI urges

⁸ MCI Opposition Comments, page 23.

the Commission to require LECs to file publicly the number of DS1 cross-connects or DS1 equivalents that have been taken by interconnectors at each central office. MCI tries to persuade the FCC that without such a report the FCC would have no way to measure or validate the LECs' claims that they have met threshold requirements which allow them to offer volume and term discounts.

However, MCI fails to note that this extra reporting requirement would be extremely burdensome and labor intensive for the Sprint LECs. Also, the FCC, would be receiving a large number of reports and information each quarter to file, track and evaluate. The Sprint LECs do not support this additional reporting requirement in that it is unnecessary as well as seeks information that is proprietary in nature. And finally, the Sprint LECs will file term plans for switched dedicated services as soon as the threshold requirement has been met.

E. COMPLIANCE BY THE SPRINT LECS

In addition to MCI requesting additional information and/or requirements of the Sprint LECs, it appears that MCI is actually supportive of the expanded interconnection processes and arrangements of the Sprint LECs. The following are examples emphasized by MCI that demonstrate how reasonable the Sprint LECs' rates and arrangements are for expanded interconnection customers:

 The Sprint LECs' expanded interconnection rates are not excessive⁹ and are at the minimum three times lower than the other LECs.

⁹MCI Opposition Comments page 8.

- MCI claims that the LECs failed to justify the virtual collocation rates by failing to provide them to the general public. ¹⁰ However, Sprint LTD fulfilled the data submission requirement in its entirety.
- As suggested by MCI, ¹¹ the Sprint LECs sell all
 equipment back to a CAP when it is no longer needed.
- The Sprint LECs do not dictate what kind of
 equipment is to be used by an interconnector in its
 virtual collocation arrangement and actually allow the
 interconnectors to make their own choices, which is
 advocated by MCI.¹²
- MCI recommends that the Commission limit the
 number of LEC technicians that the LECs are allowed
 to require interconnectors to train to no more than
 three per central office, where an interconnector has
 designated equipment different than that used by the
 LEC. The Sprint LECs indicate two is sufficient.
- For training limitations, the Sprint LECs recognize and promote non-excessive training costs by leaving

¹⁰ MCI Opposition Comments, page 10.

¹¹MCI Opposition Comments, page 16.

¹² MCI Opposition Comments, page 18.

the requirements for training to the discretion of the CAP.

II. RESPONSE TO MFS OPPOSITION COMMENTS

Even though MFS does not cite the Sprint LECs specifically in its Opposition Comments, there are three points which need clarification.

A. TERM DISCOUNTS

The Sprint LEC's rate levels are cost based and reasonable. Since the rates are cost based and as their rate levels indicate, the Sprint LEC's rates are not excessive and there is little room between the rate and the price floor for any amount of discount. However, the Sprint LECs have an option for an interconnector to purchase a term plan should multiplexing be ordered. With a multiplexing order under a term plan, the Sprint LECs eliminate nonrecurring charges associated with the multiplexor, which is the same practice used by the Sprint LECs for comparable services.

B. PAYMENT OF APPLICATION FEE

Secondly, MFS discusses SWBT's practice of requiring upfront payment of the application fee before service is connected. The Sprint LECs have a similar policy, but the policy is never used to delay the service connection.

C. PUBLICLY FILED COST SUPPORT DATA

And finally, MFS, similar to MCI, indicates the importance of publicly filing cost support data. The Sprint LECs have complied by filing their Direct Case with the Commission.

III. RESPONSE TO TIME WARNER COMMENTS

To clarify Time Warner's Opposition Comments, the Sprint LECs need to emphasize four points.

A. EXCLUDING ANTICOMPETITIVE PROVISIONS FROM TARIFFS

First, Time Warner states that in order to ensure development of competition, the Commission must reject "the offending aspects of ...LECs' VEIS tariffs and Direct Cases that are anticompetitive in nature". ¹³ In particular, Time Warner suggests the following for all LECs:

Require all LECs to offer \$1 sale and repurchase
arrangements for IDE or ensure that interconnectors pay
rates for IDE based on the lower of (1) the discounted price
that the LEC receives from vendors for equipment deployed
in its own network, or (2) the price at which the
interconnector is willing to sell the equipment to the LEC.

¹³ Time Warner Comments, page 5.

- Reject the attempts of LECs to inflate the cost of outside contractors and to eliminate interconnectors' ability to determine for what purpose those contractors will be employed.
- Require LECs to justify provisioning charges.

The Sprint LECs currently offer \$1 sale and repurchase arrangements for interconnector equipment; they do not inflate the cost of outside contractors or limit the interconnectors' ability to use the contractors because the Sprint LECs encourage use of such contractors; and the Sprint LECs justified their reasonable and non excessive provisioning charges in their Direct Case filed publicly with the Commission.

B. SPRINT LECS IN COMPLIANCE WITH COMMISSION'S ORDER

In section I.B. of Time Warner's Comments, Time Warner discusses SWBT's violation of the Commission's Phase II Designation Order because they deny Time Warner its right to remotely monitor and control its own network. In order to remain in compliance with the Commission, the Sprint LECs strongly advocate that the CAP should have control over its equipment by having responsibility for installation and maintenance. In addition, the Sprint LECs cover installation delays and service interruptions similar to the provisions for comparable services. The Sprint LECs are in compliance with the Commission and its Phase II Designation Order.

¹⁴ Time Warner Comments, page 10.

C. VIRTUAL COLLOCATION ORDER COMPLIANCE

In Time Warner's discussions on charges for provision of interconnector-designated equipment and use of outside contractors for IDE, they reiterate the requirements established by the Commission in its Virtual Collocation Order to include allowing interconnectors the right to select the type of central office equipment dedicated to their use, requiring LECs to base direct costs of providing interconnector-designated equipment on the lowest purchase price available to them, 15 and permitting interconnectors to use outside service representatives to enter LEC central offices to install, maintain or repair LEC equipment for interconnector-dedicated equipment 16. The Sprint LECs comply with the Virtual Collocation Order by promoting interconnectors to choose their own equipment as well as to install and maintain it. The Sprint LECs will also permit the use of third party contractors to install, maintain and repair interconnector designated equipment inside their central offices.

D. REDUCTION OF NRC FOR VIRTUAL COLLOCATION

Even though Time Warner basically objects to SWBT's argument that it is justified to maintain an identical nonrecurring charge for IDE whether physical or virtual¹⁷, the Sprint LECs recognized that virtual collocation is not the same as physical collocation and therefore, reduced their nonrecurring charge by

¹⁶ Time Warner Comments, page 17. <u>See Designation Order</u> at Section 15 citing <u>Virtual Collocation</u> <u>Order</u>, 9 F.C.C.R. at 5164, 5170, 5188.

¹⁶ Time Warner Comments, page 52. See <u>Virtual Collocation Order</u> at 5171, Section 59.

¹⁷ Time Warner Comments, page 40.

27% when the Sprint LEC tariff was modified to offer virtual collocation in lieu of physical collocation.

IV. CONCLUSION

Through significant time, resources and comprehensive data submissions in this investigation, the Sprint LECs have shown that their rates and tariffed terms and conditions are reasonable and nondiscriminatory. The Sprint LECs believe their tariffs are in compliance with Commission directives. Even the intervenors' Opposition Comments are void of negative direct cites towards the Sprint LECs' Direct Case.

The Sprint LECs have consistently shown a willingness to work expeditiously to establish expanded interconnection arrangements for its customers. Through experience, interconnectors find the Sprint LECs to be reasonable, both for rates and tariffed terms and conditions. And with the complaint process in place, interconnectors may seek relief with any future concerns.

Therefore, the Sprint LECs respectfully request that the Commission review the Sprint LECs' data submission, the compelling arguments which show favorable

treatment for expanded interconnectors and just and reasonable tariffs and rates, and terminate this investigation as to the Sprint LECs.

Respectfully submitted,

THE SPRINT LECS

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November 22, 1995

CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 22nd day of November, 1995, sent via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Rebuttal to Opposition Comments to the Sprint LECs' Direct Case" in the Matter of Local Exchange Carriers' Rates, Terms and Conditions for Expanded Interconnection through Virtual Collocation for Special Access and Switched Transport, CC Docket No. 94-97 Phase II, filed this date with the Acting Secretary, Federal Communications Commission, to the persons on the attached service list.

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